



9 Apple Road · Belmont, NH 03220 · (603) 524-4425 · www.metrocastcablevision.com

April 15, 2005

Ms. Marlene H. Dortch
Office of the Secretary
Federal Communications Commission
445 12th Street, SW
Washington, DC 20554

via electronic filing

Re: American Cable Association Petition for Rulemaking, RM-11203

Dear Ms. Dortch:

On behalf of MetroCast Cablevision, I write to express our strongest support for ACA's petition for rulemaking on retransmission consent. As General Manager for a small New Hampshire cable company that serves customers in smaller New England communities, I can verify that the petition accurately describes the past and upcoming retransmission consent crisis. Broadcasters, including those in my markets, have made it clear that they will force us to charge an additional \$5 to \$6 per subscriber per month for basic cable, to cover new demands of cash for carriage. ACA's solution to this problem is pro-competition, pro-consumer, and deregulatory. It will benefit the consumers served by MetroCast Cablevision and will help keep down the costs of basic cable.

Find provided below, some information about MetroCast and why we think the Commission needs to grant ACA's petition.

Company background

MetroCast Cablevision is a small, family owned business, providing cable service to 33 communities in central New Hampshire and southwestern Maine. With less than 70,000 basic cable subscribers, MetroCast is surrounded by the likes of Comcast, Adelphia and Time Warner and faced with a fiber-to-the-home overbuild by Verizon.

The company has invested heavily in upgrading the cable network to provide advanced services such as digital cable, video-on-demand, HDTV, digital video recorders and broadband Internet access. DBS competition has been intense in our markets and both DirectTv and Dish have been successful in convincing some of our subscribers to switch service providers. Although we welcome the competition and truly believe it makes us all more competitive, the pressure to hold down costs and subscriber rate increases is tremendous. My estimate is that programming costs have increased by more than 10% per year for the last five years. To stay competitive, we have held rate increases to the 5 – 7% range.

The broadcasters' demands for several more dollars per month presents a major problem. Their demands come in several forms that result in higher basic cable rates. For example, Hearst, in lieu of cash, is tying carriage of their broadcast channels to relocation of digital networks to the extended basic line-up. The resulting \$0.55/sub/month costs for extended basic programming is effectively the price for carriage of broadcast stations. Because our margins are already stretched to the limit, we have

no choice but to pass this cost on to our full subscriber base. Without a doubt, this will cause additional subscriber anger and Congressional angst. The result, more subscribers will drop our service and the viscous cycle will continue. Those that do not will have to pay up to several dollars more for basic cable.

The irony of the situation is that without subscription to cable television basic service, the physical nature of the terrain precludes most residences from receiving broadcast television signals in this area.

Why we support ACA's Petition

Basically, all that ACA asks for is a right for us to shop around, but only when a broadcaster demands a price for retransmission consent. Competition created for broadcast signals; a novel idea. In my markets, I believe this will work to lower the cost of retransmission consent for my customers.

First, I believe I could obtain network programming at a lower cost from other broadcasters. I can do this by receiving signals from neighboring markets.

Second, if the broadcasters in my market know alternatives exist, I am confident I will be able to negotiate a lower price. That works in every type of transaction, and it will work in retransmission consent.

As stated in the petition, the problem is not that broadcasters demand a "price" for retransmission consent. The problem is that they block our ability to find lower-cost alternatives. The petition shows how this problem will easily cost consumers and smaller cable operators upwards of \$1 billion next year. In the MetroCast markets, broadcaster's demands will cost my company and our subscribers an estimated \$500,000 per year.

By making the limited changes requested by ACA, the Commission will bring some market discipline to retransmission consent "pricing." This will help to keep our costs down and will benefit our consumers. The competitive market will also limit the ever increasing network carriage demands that are being tied to broadcast retransmission consent and that lead to never ending subscriber rate hikes.

Our concern for localism

As a final point, I want the Commission to know that we support local broadcasting and prefer to carry our local broadcasters. MetroCast currently carries 16 local broadcast networks on the system. We understand the importance to the communities we serve of local programming, but we also understand how much our customers are willing to pay for it. The problem is the higher prices being demanded by more and more owners of these stations. Most often the owners are based in corporate headquarters hundreds or thousands of miles away. Frankly, they don't care about localism. They just want our customers' money.

We fully support any initiative that will stop the spiraling costs of television programming. We cannot do this alone and need the help of those who can have a direct impact on the overall situation.

Sincerely,

Steven Murdough

VP & GM

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